

VZCZCXRO3356
PP RUEHIK
DE RUEHAH #0035/01 0081119
ZNR UUUUU ZZH
P 081119Z JAN 10
FM AMEMBASSY ASHGABAT
TO RUEHC/SECSTATE WASHDC 4037
INFO RUCPDO/DEPT OF COMMERCE WASHDC PRIORITY
RUEATRS/DEPT OF TREASURY WASHDC PRIORITY
RUCNCLS/ALL SOUTH AND CENTRAL ASIA COLLECTIVE
RUCNCIS/CIS COLLECTIVE
RUCNMEM/EU MEMBER STATES COLLECTIVE
RUEHAK/AMEMBASSY ANKARA 6097
RUEHBJ/AMEMBASSY BEIJING 3789
RUEHKO/AMEMBASSY TOKYO 3648
RUEHIT/AMCONSUL ISTANBUL 4339
RUCNDT/USMISSION USUN NEW YORK 1391
RHMCSUU/CDR USCENCOM MACDILL AFB FL
RUEHVEN/USMISSION USOSCE 4273
RUEAIIA/CIA WASHDC
RHEFDIA/DIA WASHDC
RHEHNSC/NSC WASHDC
RUEKJCS/SECDEF WASHDC
RUEKJCS/JOINT STAFF WASHDC

UNCLAS SECTION 01 OF 02 ASHGABAT 000035

SENSITIVE

SIPDIS

STATE FOR SCA/CEN; EEB; NEA/IR
ENERGY FOR EKIMOFF/BURPOE/COHEN
COMMERCE FOR EHOUSE/DSTARKS

E.O. 12958: N/A

TAGS: [EPET](#) [PGOV](#) [EINV](#) [ETRD](#) [IR](#) [TU](#) [TX](#)

SUBJECT: TURKMENISTAN OPENS SECOND GAS PIPELINE TO IRAN

REF: 09 ASHGABAT 886

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11. (U) Sensitive but unclassified. Not for public Internet.

12. (SBU) SUMMARY: On January 5 - 6, Iranian President Ahmadinejad visited Turkmenistan to hold negotiations with Turkmen President Berdimuhamedov and attend the opening ceremony of the Dovletabat - Sarakhs - Khangiran gas pipeline, the second gas pipeline linking Turkmen gas fields to Iran (reftel). The two presidents had an official meeting on January 5 during which a number of intergovernmental and commercial documents were signed. On January 6, they traveled to the Sarakhs district located in southeastern Turkmenistan to inaugurate the gas pipeline. Turkish Minister of Energy and Natural Resources Taner Yildiz also attended the pipeline opening and met with the Turkmen and Iranian presidents. END SUMMARY.

13. (SBU) During the visit, the Iranian and Turkmen Governments signed the following intergovernmental documents: a Memorandum of Understanding on Cooperation in the Area of Cultural Heritage between the Turkmen Ministry of Culture and Broadcasting and the Iranian Organization of Cultural Heritage, Crafts, and Tourism; a Program of Cooperation between the respective Ministries of Foreign Affairs; and an Agreement on Conducting Unilateral Aerial Mapping.

14. (SBU) The Turkmen Ministry of Railway Transportation also signed a \$696 million contract with the Iranian Pars Energy Company for construction of a 325 kilometer railroad line between Bereket and Etrek. The construction will be financed through a \$324.8 million loan provided by Pars Energy and a \$371.2 million loan provided by the Islamic Development Bank (IDB). The Turkmen Government also signed a loan agreement with the IDB to that effect during the same meeting.

¶5. (SBU) Berdimuhamedov and Ahmadinejad went to Sarakhs on the morning of January 6 to inaugurate the Dovletabat - Sarakhs - Khangiran gas pipeline. The pipeline inauguration was initially planned for the end of December 2009, but was rescheduled for January 6 due to undisclosed reasons. (NOTE: Media reports speculated the postponement was due to recent protests in Iran. END NOTE.) The new pipeline is 1020 millimeters in diameter and 60 km long with the capacity to transport 12.5 billion cubic meters (bcm) of natural gas annually. This pipeline is the second gas pipeline from Turkmenistan to Iran. The Korpeje - Kurtkui gas pipeline located in western Turkmenistan was built in 1997 and also has a 12.5 bcm capacity.

¶6. (SBU) According to a Turkmen - Iranian agreement signed in July, 2009 (reftel), 14bcm is set as a benchmark volume with the understanding that the volume can be increased with mutual consent -- normal practice in gas agreements. Since July, both Iran and Turkmenistan have been talking about volumes up to 20bcm in the next few years. However, according to Turkmen energy experts, total gas exports to Iran are unlikely to exceed 10 bcm in 2010 (three of which will be exported through the new pipeline) since Iran is unlikely to sharply increase gas consumption during the first year of expanded supplies. In addition, export volumes could reach the target 14 bcm per year only after Iran constructs a 150-kilometer internal extension of the new pipeline in order to transport Turkmen gas to the Sangbast area of the Razavi Khorasan province in eastern Iran. Iran plans to complete the 150 kilometer extension by the end of 2011. The two countries have announced longer term plans to increase the volume of gas exports up to 20 bcm.

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¶7. (SBU) On the evening of January 5, President Berdimuhamedov also met with Turkish Minister of Energy and Natural Resources Taner Yildiz, who was in Turkmenistan for the opening of the pipeline. Local media sources reported that the two officials emphasized the importance of the Dovletabat - Sarakhs - Khangiran pipeline not only for Turkmenistan and Iran, but also for other countries in the region, including Turkey.

¶8. (SBU) COMMENT: The new pipeline is economically and politically significant for Turkmenistan. It will not only allow Turkmenistan to increase gas exports to the Iranian market, but gas shipped to Iran could also continue westward. In 2010, Turkmen gas will be exported to China, Iran, and Russia, marking significant progress in the country's efforts to diversify its export markets. END COMMENT.

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